

**SOUTHWEST SHIAWASSEE EMERGENCY
SERVICES ALLIANCE**

FINANCIAL STATEMENTS

DECEMBER 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Southwest Shiawassee Emerg Srv Alliance	County SHIAWASSEE
Fiscal Year End 12/31/05	Opinion Date 12/29/06	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) DEMIS AND WENZLICK, P.C.		Telephone Number (989) 723-8227	
Street Address 217 N WASHINGTON ST, SUITE 201		City OWOSSO	State MI
Zip 48867			
Authorizing CPA Signature <i>Lori S. Chant, CPA</i>	Printed Name LORI S. CHANT	License Number 1101020651	



DEMIS and WENZLICK, P.C.

Certified Public Accountants

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143

E-MAIL office@dw-cpa.com

James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.
Lori S. Chant, C.P.A.
Geraldine Terry, C.P.A.

Carol A. Demis
Jeanette Gaitskill
Greg Irish
Janis K. Mead
Tammy Pappas
David Pullen
Peggy Ryan
Vicki E. Schuler
Joyce M. Simmons
Barbara Wenzlick
Gail Winnick, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Members of the Southwest Shiawassee
Emergency Services Alliance
Shiawassee County, Michigan

We have audited the general-purpose financial statements of Southwest Shiawassee Emergency Services Alliance, Shiawassee County, Michigan as of December 31, 2005. These general-purpose financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and change in financial position of its governmental activities as required by Governmental Accounting Standards Board (GASB 34). Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. GASB 34 requires management's discussion and analysis which also has not been prepared.

The general-purpose financial statements referred to above do not include the general fixed asset account group. The amount that should be recorded in the general fixed assets account group is not known.

The Perry Volunteer Fireman's Association raises funds for the purchase of equipment that will be used by Southwest Shiawassee Emergency Services Alliance. The financial transactions of this association were not available for this audit, and are excluded from this report.

In our opinion, except for the non-application of GASB 34 and the effects of such adjustments, if any, as might have been determined to be necessary had we been able to test the association and for the fixed asset group of accounts, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Southwest Shiawassee Emergency Services Alliance, as of December 31, 2005, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our report of comments and recommendations has been submitted under separate cover dated December 29, 2006.

Dennis and Wengert, P.C.

Certified Public Accountants

Owosso, Michigan
December 29, 2006

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2005

	<u>Governmental Fund Types</u>		<u>Account Group</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Long-Term Debt</u>
<u>ASSETS AND OTHER DEBITS</u>			
ASSETS:			
Cash	\$28,320	\$72,285	\$
Prepaid Insurance	4,160		
Accounts Receivable	17,263		
Amount to be Provided			<u>325,340</u>
TOTAL ASSETS AND OTHER			
DEBITS	<u>\$49,743</u>	<u>\$72,285</u>	<u>\$325,340</u>
<u>LIABILITIES AND OTHER CREDITS</u>			
LIABILITIES:			
Accounts Payable	\$10,103	\$	\$
Wages Payable	<u>10,074</u>		
TOTAL LIABILITIES	<u>\$20,177</u>	<u>\$ 0</u>	<u>\$ 0</u>
LONG-TERM DEBT	\$	\$	\$325,340
EQUITY:			
Fund Balances	<u>29,566</u>	<u>72,285</u>	<u>0</u>
TOTAL EQUITY	<u>\$29,566</u>	<u>\$72,285</u>	<u>\$ 0</u>
TOTAL LIABILITIES			
AND EQUITY	<u>\$49,743</u>	<u>\$72,285</u>	<u>\$325,340</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Capital Projects</u>
REVENUES:		
Fees for Services	\$192,885	\$
Governmental Units	365,864	
Federal & State Grants	134,039	
Interest Income	342	408
Miscellaneous Income	<u>10,578</u>	
TOTAL REVENUES	\$703,708	\$ <u>408</u>
EXPENDITURES:		
Salaries	\$205,451	\$
Health Insurance	8,886	
Retirement	355	
Payroll Taxes	11,983	
Insurance	37,831	
Interest Expense	1,196	19,582
Maintenance & Supplies	31,825	
Fuel	11,398	
Telephone	2,496	
Utilities	11,785	
Community Education	1,756	
Medical Fees	3,198	
Training, Instruction, Dues	4,672	
Professional Fees	4,125	
Billing Services	8,465	
Office Expenses	4,744	100
Long-Term Debt Principal	9,456	49,494
Fixed Assets	<u>199,343</u>	<u>9,274</u>
TOTAL EXPENDITURES	\$558,965	\$ <u>78,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$144,743	\$ (78,042)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	\$	\$118,556
Operating Transfers Out	<u>118,556</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ 26,187	\$ 40,514
Fund Balances - Beginning of Year	<u>3,379</u>	<u>31,771</u>
FUND BALANCES - END OF YEAR	\$ <u>29,566</u>	\$ <u>72,285</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General Fund</u>		<u>Capital Projects Fund</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>
REVENUES:						
Fees for Services	\$126,900	\$192,885	\$ (65,985)	\$ 0	\$ 0	\$ 0
Gov't Units	371,093	365,864	5,229	0	0	0
Grants	11,200	134,039	(122,839)	0	0	0
Interest Income	0	342	(342)	0	408	(408)
Misc. Income	27,342	10,578	16,764	0	0	0
TOTAL REVENUES	\$536,535	\$703,708	\$ (167,173)	\$ 0	\$ 408	\$ (408)
EXPENDITURES:						
Salaries	\$214,198	\$205,451	\$ 8,747	\$ 0	\$ 0	\$ 0
Health Insurance	8,950	8,886	64	0	0	0
Retirement	400	355	45	0	0	0
Payroll Taxes	16,875	11,983	4,892	0	0	0
Insurance	39,850	37,831	2,019	0	0	0
Interest Expense	1,200	1,196	4	0	19,582	(19,582)
Maintenance & Supplies	33,475	31,825	1,650	0	0	0
Fuel	10,750	11,398	(648)	0	0	0
Telephone	2,650	2,496	154	0	0	0
Utilities	11,275	11,785	(510)	0	0	0
Community Education	1,800	1,756	44	0	0	0
Medical Fees	3,250	3,198	52	0	0	0
Training, Dues	4,950	4,672	278	0	0	0
Professional Fees	4,200	4,125	75	0	0	0
Billing Services	8,500	8,465	35	0	0	0
Office Expenses	4,875	4,744	131	0	100	(100)
Long-Term Debt						
Principal	9,500	9,456	44	0	49,494	(49,494)
Fixed Assets	206,900	199,343	7,557	0	9,274	(9,274)
TOTAL EXPENDITURES	\$583,598	\$558,965	\$ 24,633	\$ 0	\$ 78,450	\$ (78,450)

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General Fund</u>		<u>Capital Projects Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Over) Under <u>Budget</u>	<u>Actual</u> (Over) Under <u>Budget</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (47,063)	\$ 144,743	\$ (191,806)	\$ 78,042
OTHER FINANCING SOURCES:				
Transfers In	\$ 0	\$ 0	\$ 0	\$ (118,556)
Transfers Out	118,560	118,556	4	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ (165,623)	\$ 26,187	\$ (191,810)	\$ (40,514)
Fund Balances - Beginning of Year		3,379		31,771
FUND BALANCES - END OF YEAR		\$ 29,566		\$ 72,285

The accompanying notes are an integral part of the financial statements.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The organization was formed August 1, 2004, as an emergency services authority. The organization was formed pursuant to the Emergency Services to Municipalities Act, Public Act 57 of 1988. The purpose of the organization is to provide emergency services as defined in the Emergency Services Act, including but not limited to, providing apparatus, equipment, personnel and/or services for fire protection, fire suppression and ambulance services.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental fund not recorded directly in those funds.

The government has the following fund types and account groups:

GOVERNMENTAL FUNDS

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CAPITAL PROJECTS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The general long-term debt account group is used to establish accounting control and accountability for the unmatured principal on the organization's long-term debt.

DEPOSITS AND INVESTMENTS

The organization's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

INVENTORIES AND PREPAID ITEMS

The costs of governmental fund-type inventories and certain payments to vendors are recorded as expenditures when purchased, with the exception of insurance premiums.

COMPENSATED ABSENCES

There are no compensated absences.

BUDGETS AND BUDGETARY ACCOUNTING

The organization follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior the beginning of the fiscal year, the treasurer submits to the Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budgets are approved by each of the controlling units of government.
3. Prior to April 1, the budget is legally enacted through Board approval.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Organization includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent on the organization. Control by or dependence on the organization was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the organization to finance any deficits that may occur or receipt of significant subsidies from the organization.

The Perry Volunteer Fireman's Association raises funds for the purchase of equipment that will be used by the Southwest Shiawassee Emergency Services Alliance. The financial transactions of this association were not available for this audit, and are not included in this report.

FIXED ASSETS

Fixed assets used in governmental fund types of the organization are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated cost by the units of government. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The organization does not account for its fixed assets.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the organizations actual expenses and budgeted expenses of the budgetary funds reflect where the actual expenses exceed budgeted amounts. The over expenditure was funded by revenues in excess of budgeted amounts and available fund balance.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE C - CASH

The Organizations deposits consist of interest bearing savings and checking accounts. At year end, the bank balance was essentially the same as the carrying value.

The Organization's deposits consisted of cash at two financial institutions.

<u>Institution A</u>	<u>Amount</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
Cash - Checking	<u>\$28,120</u>	<u>\$28,120</u>	<u>\$ 0</u>

INSTITUTION B

Cash - Checking	<u>\$72,285</u>	<u>\$72,285</u>	<u>\$ 0</u>
-----------------	-----------------	-----------------	-------------

NOTE D - LONG-TERM DEBT

The organization borrowed \$324,096 October 2000, for the purpose of purchasing a new fire truck with a cost of \$384,096. The loan is payable with interest at 6.89% per annum and is secured by the fire truck.

<u>Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2006	\$ 46,018	\$12,030	\$ 33,988
2007	46,018	9,627	36,391
2008	46,018	7,054	38,964
2009	46,018	4,300	41,718
2010	35,364	1,350	34,014
TOTALS	<u>\$219,436</u>	<u>\$34,361</u>	<u>\$185,075</u>

NOTE E - NOTES PAYABLE

The organization acquired a 4 year note on August 8, 2004 for \$38,000. It is payable to Chemical Bank in monthly installments of \$884.00 with an interest rate of 5.5% annually. It is secured by turn-out gear.

<u>Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2006	\$ 10,608	\$ 628	\$ 9,448
2007	6,058	104	5,946
TOTALS	<u>\$ 16,658</u>	<u>\$ 732</u>	<u>\$ 15,926</u>

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE F - AMBULANCE LEASE

The organization borrowed \$140,000 in February 2005, for the purpose of purchasing a 2004 LifeLine Medium Duty Ambulance with a cost of \$140,000. The loan is payable with interest at 4.59% per annum and is secured by the ambulance. After lease is completed, the ambulance may be purchased for \$1.

<u>Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2006	\$ 26,823	\$ 5,403	\$ 21,420
2007	26,823	4,390	22,433
2008	26,823	3,331	23,492
2009	26,823	2,222	24,601
2010	26,823	1,059	25,764
2011	6,706	77	6,629
	<u>\$140,821</u>	<u>\$16,482</u>	<u>\$124,339</u>

NOTE G - SOURCES OF REVENUES

The organization is financed with contracts with local units of government as follows:

	<u>Period Ending December 31, 2005</u>
Antrim Township	\$ 51,854
Bennington Township	54,092
NIESA	10,625
Perry Township	161,241
City of Perry	88,052
	<u>\$365,864</u>

In addition, during the period ended December 31, 2005, they received grant money for the purpose of purchasing fixed assets. They received reimbursements from third party insurance companies for fire costs and ambulance runs.

NOTE H - PENSION

The organization established a pension plan for employees March 1, 1993. The organization contributes 7.5% of the employees salary. For the year ended December 31, 2005, \$4,257 was contributed and recorded as an expenditure.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.
Lori S. Chant, C.P.A.
Geraldine Terry, C.P.A.

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

Tracy Bublitz
Vicky Clayton
Carol Demis
Jeanette Gaitskill
Kathy Kimmerer
Erica Marks
Janis K. Mead
Tammy Pappas
David Pullen
Vicki E. Schuler
Joyce M. Simmons
Barbara Wenzlick

Southwest Shiawassee Emergency Services Alliance
P.O. Box 63
Perry, Michigan 48872

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Southwest Shiawassee Emergency Services Alliance for the period ended December 31, 2005.

As a result of our examination of the organization's financial statements, we make the following comments:

GENERAL LEDGER

The general ledger is an important accounting tool, an important internal control and a state mandated record. The cash accounts must be reconciled monthly to the bank statement.

FIXED ASSETS

The organization does not maintain a general fixed asset account group as required by generally accepted accounting principles. This listing of fixed assets should detail the asset, date purchased and historical cost.

BUDGET

P.A. 621 of 1978, includes a compliance requirement in budgeting expenditures. It is required under this act that actual expenditures do not exceed budgeted expenditures. The general ledger expenses should be periodically compared to the budget when applicable, the budget should be amended to permit expenditures in excess of the originally budgeted amount.

PAYROLL

We encountered several problems when we were reviewing payroll, including, thirty three checks did not match amounts recorded in the check register. Therefore, there were changes made in Quick Books after the checks were issued, which effected W-2's and the payroll reports. There were multiple problems with the W-2's issued, including, problems with wages, taxes and retirement boxes not checked. We would recommend that you have someone make sure that the payroll matches quarterly payroll tax returns and W-2's for 2006.

We would like to thank the board for the cooperation we received in performing the audit. If we can be of any further assistance to the board in implementing these recommendations or any other board business, please contact us.

Dennis and Wergles, P.C.

Certified Public Accountants

Owosso, Michigan
December 29, 2006